Federal Road Charge Tax Administration Process

Understanding the current administration of federal fuel taxes and identifying key administration aspects when changing from a traditional fuel tax to a road charge mechanism.

WHAT IS THE NEED?

California relies on gas tax and other fuel tax revenues to fund its roadway maintenance and repairs. However, the current transportation funding system is outdated and insufficient. More than $5.7 billion in repairs go unfunded each year because of the deficit, directly impacting Californians’ quality of life.

In the interest of identifying an alternative to the gas tax and other fuel tax revenues, California Department of Transportation (Caltrans) developed, deployed, and evaluated the nation’s largest road charge (RC) trial to date under the direction of the California State Transportation Agency, the California Transportation Commission, and the RC Technical Advisory Committee (TAC). The nine-month, statewide RC field trial ran from July 1, 2016 to March 31, 2017.

Given the existing difficulties and high administration cost of the RC program identified in Oregon and California’s RC field trial, the focus of this project will be on identifying cost-effective and simplistic plans of implementation on the federal level.

WHAT ARE WE DOING?

The deliverables under this research will primarily comprise of reports, both in the interim and a final report to be provided at the end of the study. The Preliminary Investigator will maintain a close working relationship with Caltrans as the existing RC Pilot Program will require communication and regular updates with the research being conducted in this project.
The tasks to be accomplished will include an evaluation of federal excise tax and the identifying administrative mechanisms for a RC program. A final report and research findings presentation to Caltrans RC TAC will be provided at the end of the project.

The study will include a theoretical discussion and introduce several different mechanisms for administration of the RC program, but it will not in and of itself conduct any pilot programs to implement in practice.

WHAT IS OUR GOAL?

The primary goal of this project is to understand the current administration of federal fuel taxes, and to identify key aspects of administration when transitioning away from a traditional fuel tax towards a RC mechanism.

This includes understanding who collects it, where the point of collection happens, how the revenue is redistributed back to the states at the federal level, and the expected associated costs of administration. The researchers will identify different models of implementing cost recovery for a RC program and how these costs could be minimized.

WHAT IS THE BENEFIT?

The research results of this study will help to inform Caltrans (and possibly a federal agency) with several possibilities for future implementation.

WHAT IS THE PROGRESS TO DATE?

The research team has made the following progress:

1. Completed the initial Literature Review
2. Began the evaluation of the federal excise tax and the identifying administrative mechanisms for a road charge program
3. Began documenting the research findings and writing the final report

More Information:

California's Road Charge Program: https://caroadcharge.com/en-us/

Western U.S. (RUC West) Road Charge Program: https://www.rucwest.org/